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November 15, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

RECOMMENDATION TO AWARD A CONTRACT TO MAXIMUS, INC., FOR GAIN CASE MANAGEMENT SERVICES TO WELFARE-TO-WORK PARTICIPANTS (ALL DISTRICTS - 3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that services performed under this contract can be provided more economically by a Contractor than by County employees.
2. Approve and instruct the Chair to sign the enclosed Prop A contract with MAXIMUS, Inc., to provide GAIN Case Management (GCM) services to Welfare-to-Work participants, effective the day after Board approval or December 1, 2005, whichever is later, through November 30, 2006, with County option to extend for two additional one-year periods. The basic compensation amount of this Contract is \$6,085,130 which includes one month of start-up activities and eleven months of direct case management services. The flat monthly fee of \$507,094 is based on 1/12 of the total basic compensation amount. If eligible, the maximum amount for Performance Incentives is \$342,438 for the eleven months of direct case management services. The maximum contract amount of \$6,427,568 (including incentives), is fully funded with CalWORKs Single Allocation. There is no additional net County cost (NCC) after the required CalWORKs Maintenance of Effort (MOE) is met. Funding for this contract is included in the FY 2005-06 Adopted Budget. Funding for future years will be included in the Department's budget requests.

3. Approve the Request for Appropriation Adjustment (Enclosure I) in the amount of \$600,000 by shifting funds from Services & Supplies to Salary & Employee Benefits for GCM services to Non-English/Non-Spanish (NE/NS) speaking CalWORKs participants in the non-contracted regions. The Appropriation Adjustment is fully offset by the CalWORKs Single Allocation funds. There is no NCC associated with this action.
4. Approve interim hiring and promotional authority for the Department of Public Social Services (DPSS) to fill up to 24 positions; 16 GAIN Services Workers, 3 GAIN Services Supervisors and 5 Intermediate Typist Clerks in excess of what is provided for the Department's staffing ordinance. These positions will be filled with temporary appointments pursuant to Section 6.08.140 of the County Code and will be subject to final review and allocation in the Department's budget request for Fiscal Year 2006-07.
5. Delegate authority to the Director of DPSS to exercise the County's option to extend the contract for two (2) additional one-year periods, in the projected amount of \$6,226,142 per year for basic compensation which excludes the first year's start-up cost and includes twelve months of direct case management services. If eligible, the projected maximum amount for incentives will be \$373,569 per year. The basic compensation and incentives amounts for the extended periods may increase or decrease subject to caseload projections.
6. Delegate authority to the Director of DPSS to prepare and sign amendments to the contract for a decrease in the Contract costs, or for an increase of no more than ten percent of the total original Contract amount when the increase is necessitated by additional and necessary services that are required for Contractor to comply with changes in federal, State, or County requirements. The approval of County Counsel and the Chief Administrative Office (CAO) will be obtained prior to executing such amendments, and the Director will notify the CAO in writing within ten business days after execution.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The contract with MAXIMUS, Inc., will provide culturally/linguistically sensitive GCM services for a population with economic, educational and social barriers for the Department's GAIN Welfare-to-Work (WtW) program. MAXIMUS, Inc., will provide these services in seven County-provided offices in the Third and Fifth Supervisorial Districts at less cost than if the service were to be brought in-house and performed by County employees.

Per your Board's July 11, 2000 instructions, DPSS entered into GCM services contracts effective October 1, 2000 with MAXIMUS, Inc., and ACS State and Local Solutions (formerly Lockheed Martin, IMS) for a two-year term, with Board-delegated authority for the DPSS Director to renew for three additional one-year terms. The third one-year

renewal was executed on September 30, 2004. The current contracts for GCM service were to expire on September 30, 2005. On May 18, 2005, your Board instructed the DPSS Director to release a new Request for Proposals (RFP) that would allow vendors to bid on GAIN Regions II and VII for all languages (English, Spanish, non-English and non-Spanish) and directed that the contracts be extended. On July 28, 2005, we received State approval to extend the current GCM contracts through December 31, 2005.

The approval for the interim hiring and promotional authority for DPSS will ensure the uninterrupted WtW GCM services to NE/NS CalWORKs participants in non-contracted regions, which will assist them in achieving self sufficiency.

Implementation of Strategic Plan Goals

These recommendations are consistent with the principles of the Countywide Goal #5: Children and Families' Well-Being: Improve the well-being of children and families in Los Angeles County as measured by the achievements in the five outcome areas adopted by the Board: good health; economic well-being; safety and survival; social and emotional well-being; and educational/workforce readiness.

FISCAL IMPACT/FINANCING

The total twelve month basic compensation cost is \$6,085,130 which includes one month of start-up activities and eleven months of direct case management services. The Contractor will be paid a firm fixed monthly amount for providing GCM services during the twelve month period with no cost of living increase. The firm fixed monthly amount of \$507,094 is based on 1/12 of the basic compensation amount.

We estimate the cost to utilize County staff to provide these services for the twelve month period at \$9,583,956. The County cost estimates, when compared to the contractor's basic cost of \$6,085,130 plus the monitoring costs of \$2,030,132, yield a projected savings of \$1,468,694. This equates to a 15.32 percent savings. (Enclosure II summarizes these comparisons.)

The contract provides for incentive payments if the Contractor meets the three Performance Outcome Measures and eight Performance Standards. The maximum incentive payment for the eleven months of direct case management services is \$342,438. If the Contractor earns the full incentive payment, the maximum amount of this contract for the three-year period will be \$19,626,990. The maximum annual cost of the contract will be \$6,427,568, including the eleven months of performance incentives. Therefore, County savings will be reduced to \$1,126,256 (11.75 percent County savings).

The contract cost for GCM services will be funded by CalWORKs Single Allocation. There is no additional NCC after the required CalWORKs MOE is met. Funding for this contract is included in the FY 2005-06 Adopted Budget. Funding for future fiscal years will be included in the annual budget requests.

The Appropriation Adjustment is fully offset by the CalWORKs Single Allocation funds. There is no NCC associated with this action. Funding for the additional staffing request is included in the Department's FY 2005-06 budget. Funding for the future fiscal years will be included in the department's annual budget requests.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County's Prop A and Living Wage Ordinance provisions apply to this contract, as County employees can perform these contracted services. This contract is determined cost effective, a requirement of Prop A contracts.

MAXIMUS is a privately-owned national corporation with its headquarters in Virginia. It has provided case management services in a public social service setting for seventeen years. MAXIMUS is our current GCM contractor for GAIN Region VII for English and Spanish speaking WtW participants.

MAXIMUS plans to provide GCM services utilizing a combination of contractor staff. Additionally, MAXIMUS will be subcontracting with Jewish Vocational Services/Career Planning Center with MAXIMUS being the prime contractor and will supervise and be responsible for the performance of the subcontractor for these services.

The contract is for a term of one year commencing December 1, 2005, or one day after Board approval, whichever is later, through November 30, 2006, with County option to renew for two additional one-year periods.

The award of this contract will not result in unauthorized disclosure of confidential information and will be in full compliance with federal, State, and County regulations.

The contract is in compliance with all of the requirements of Los Angeles County Code Section 2.121.380, which is a mandatory prerequisite for the award of this contract.

The contract includes Contractor Responsibility and Debarment language.

Provisions for the County's Jury Service Program have been included in the contract. The contractor is in compliance with the Jury Service Program.

The Safely Surrendered Baby Law provision is included in the contract, which requires the contractor to notify and provide a fact sheet to their employees regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County and where to safely surrender a baby.

The contract includes the provision for the Contractor to first consider hiring County employees targeted for layoff or re-employment.

The contract requires the Contractor to consider hiring participants of the Greater Avenues for Independence (GAIN) program and General Relief Opportunities for Work (GROW) program.

The contract includes the provision that requires the Contractor to comply with the Los Angeles County's Child Support Enforcement requirements. The contract may be terminated for: 1) Breach of warranty to maintain compliance with County's Child Support Compliance Program; 2) Convenience; 3) Default; 4) Improper consideration; 5) Insolvency; 6) Non-adherence of County lobbyist ordinance; and 7) Non-appropriation of funds.

The contract contains three Performance Outcome Measures that will measure a WtW operation's ability to get participants employed, as well as the operation's ability to meet barriers to employment. Additionally, the contract contains eight Performance Standards that will measure the Contractor's performance related to Program and operational measures and are indicative of quality case management services. These measures are eligible for financial incentives or can be assessed financial deductions.

The contractor may be eligible to receive a performance incentive payment or be assessed a performance deduction of up to six percent of the contractor's three-month payment based on their quarterly performance on the contract's outcome measures.

The contract has been approved as to form by County Counsel.

CONTRACTING PROCESS

GCM services were solicited through a competitive process under the Los Angeles County Code, Title 2, Chapter 2.121. On June 13, 2005, DPSS released a Request for Proposals (RFP). Based on the evaluation of submitted proposals, MAXIMUS, Inc., was selected as the proposed contractor to provide these services for the combined Regions II and VII.

The RFP was advertised in the following publications: Los Angeles Times, Orange County Register, Small Business Exchange, Los Angeles Sentinel, La Opinión, Acton/Agua Dulce News, The Daily News, Copley Newspapers, Eastern Group Publications, L.A. Watts Times, Chinese Daily News, The Korea Times and the Wave. On June 13, 2005 the RFP was posted on L.A. County's Website and DPSS website. The RFP was also mailed to 92 interested vendors.

In response to the RFP, the Department received eight responses. Two proposals were not cost effective based on the County's avoidable costs. The County's avoidable cost for the contract term was determined by projecting DPSS' avoidable costs of providing the services required in the contract for the projected caseload, in accordance with the Auditor-Controller's guidelines. Originally, the department's targeted effective date to award a new contract was for the period of November 2005 through October 2006. Accordingly, the County's Study of Avoidable Costs (Study) was based on the original contract period of November 2005 through October 2006. The Study was reviewed and approved for reasonableness by the Auditor-Controller.

Because of delays in the evaluation process, the contract period was revised to December 2005 through November 2006. We have determined that the change in contract periods had no effect on the cost effectiveness of this proposed agreement, nor would it have affected the overall ranking of any of the responsive proposals submitted.

As a result of the two proposals not being cost effective, proposals from Catholic Charities and Job Wave of America were not evaluated. The remaining proposals were evaluated in accordance with the evaluation criteria in the RFP. We recommend MAXIMUS, Inc., as a sole contractor for the combined GAIN Region II and VII. MAXIMUS, Inc., was the highest rated proposer in both GAIN Region VII and the combined GAIN Region II and VII.

Both ACS State and Local Solutions, Inc. (ACS), and Los Angeles Unified School District (LAUSD) reported no violations on their Living Wage acknowledgement forms; however, the State reported some claims within the past three years. The Labor Law Assessment Team determined that the number of reported labor law violations and the claims for alleged violations for ACS and LAUSD are considered insignificant and; therefore, no deductions in their final scores were made. This process is necessary on all Prop A solicitations and is needed prior to completing the evaluation process.

The Local Small Business Enterprise (SBE) program's provisions were included in the RFP. No proposer claimed to be certified as a Local SBE vendor and no Local SBE credit was applied in this RFP's evaluation.

On October 5, 2005, DPSS sent letters to the non-cost effective and non-selected vendors notifying them that they were not being recommended for contract award. In addition, the Department offered to meet with the non-cost effective proposers and debrief interested proposers on their respective proposal evaluations. In response, Catholic Charities requested to meet to discuss the non-cost effective letter, International Institute of Los Angeles (IILA), Los Angeles Unified School District (LAUSD), Policy Studies, Inc. (PSI), Build Rehabilitation Industries (BRI), and ACS State and Local Solutions (ACS) all requested debriefings. JobWave of America, the other non-cost effective proposer, did not request to meet.

Department staff met with Catholic Charities and held debriefings with IILA, LAUSD, PSI, BRI on October 12, 2005 and with ACS on October 17, 2005. We received one formal protest from LAUSD. On October 13, 2005, LAUSD submitted a request for a Proposed Contractor Selection Review. This protest was reviewed by a DPSS contract manager who is not associated with the solicitation process and a written response was sent to LAUSD on October 20, 2005. On October 27, 2005, LAUSD formally requested a County Review Panel and DPSS immediately forwarded that request to the CAO for appropriate action.

The contract does not include a Cost of Living Adjustment.

IMPACT ON CURRENT SERVICES

The award of this contract will not infringe on the role of the County in relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County. Alternate resources are available so that services can be obtained from another source in the event of default by contractor.

CONCLUSION

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter and four (4) original signed copies of the contract to the Director of the Department of Public Social Services.

Respectfully submitted,



Bryce Yokomizo
Director

BY:bk

Enclosures

c: Auditor-Controller
Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors